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SUBJECT: FUTURE OF NUCLEAR ENERGY IN SPAIN

REF: A. MADRID 3817

[1](#)B. PARIS 7832

[1](#)1. (SBU) SUMMARY: High oil prices and the ever more apparent economic costs of compliance with the Kyoto Protocol should guarantee that the possibility of constructing new nuclear power plants in Spain remains the subject of public debate. However, given that the Zapatero Government will not/not have to take any significant license-related decision with respect to Spain's nine operating nuclear reactors until 2008, we believe that Zapatero will avoid confronting this sensitive issue during the 2004-8 term of the current Congress. END SUMMARY.

[1](#)2. (U) Spanish business headlines, like those in many other EU economies, have trumpeted the return of the nuclear energy option. Pointing to oil at over USD 50 a barrel, and the growing realization that compliance with the Kyoto Protocol's restrictions on greenhouse gas emissions will likely increase energy costs, the Spanish business press has called for the government to reconsider its 1983 moratorium on the construction of new nuclear reactors. (NOTE: Spain's alleged nuclear power plant construction moratorium is actually a myth. The Socialist Government of Felipe Gonzalez did indeed impose such a moratorium in 1983, halting construction of five nuclear power plants. This moratorium was finalized in the 1994 decision (also by Gonzalez) to formally abandon the construction of these five facilities. However, in 1997, the then newly elected Popular Party (PP) Government removed the construction ban in the context of a broader effort to liberalize the Spanish electricity market. Since 1997, the moratorium has been, more than anything, self-imposed (i.e., industry preferring to avoid forcing the government's hand on the question, knowing that construction of additional nuclear power plants would prove too controversial and thus might not make business sense). END NOTE).

[1](#)3. (SBU) To get a handle on whether Spain could actually resume constructing nuclear power reactors, ESTHOFF conducted a round of late October meetings with key players in the Spanish nuclear equation including: (1) Juan Antonio Rubio, Director General of the Center for Energy, Environment, and Technology Investigation (CIEMAT); (2) Francisco Javier Arana Landa, Deputy Director General for Nuclear Energy, Ministry of Industry, Tourism, and Commerce; (3) Julio Barcelo, Commissioner, Nuclear Security Council (NSC - Nuclear Regulatory Commission equivalent); and, (4) Joan Esteve, Head of Plans and Studies of the Catalan Energy Institute (Catalonia's energy ministry). All four agreed that the current Zapatero Government (2004-8) will not/not take any significant decision regarding the future direction of nuclear power in Spain, preferring to leave that controversial decision to the next government. All four bolstered their views with the same arguments.

[1](#)4. (U) Spain currently has nine reactors operating in seven locations providing about 24 percent of the country's electricity. One of the nine, Zorita (near Guadalajara) will be closed in April 2006 after 38 years of operation. The decision to close Zorita was taken by the previous Popular Party Government and was not controversial, as Zorita was a test reactor and had already enjoyed one operating license extension (2001-6). Given its small size, Zorita's closure will only reduce the nuclear share Spain's electricity generation to about 23.5 percent (from 24 percent).

[1](#)5. (SBU) The next reactor license set to expire is that of Garona (near Burgos), which must shut in 2009 unless its operating license is extended. Barcelo said Garona's owner must file a permit extension request by 2006 (to avoid mandatory shut down in 2009) and that the NSC was required to prepare a recommendation regarding the expected request that same year. He presumes the NSC will recommend extending the license of this facility, which opened in 1971. However, he stressed that since Garona's license only expires in 2009, the GOS (i.e., Arana's office inside the Industry Ministry) is not likely to adjudicate the NSC recommendation until 2008 (after the next general elections). Barcelo and the others said the Garona decision would be the long awaited indicator of GOS views vis-a-vis the future of nuclear energy in Spain.

An extension would revive the hopes of those who support new nuclear power plant construction. An extension denial would seal the fate of Spain's nuclear future, at least for the short-term. The other three interlocutors fully agreed with Barcelo.

16. (SBU) After Garona, the Government will have a respite from further tough nuclear power plant decisions, as Spain's other seven reactors (not including Zorita and Garona) date from the 1980s and hold 40 year operating permits. This means that any license extension requests for these seven facilities would not be adjudicated until the 2020s. However, Spain is required by domestic law/regulation to establish by 2010 a centralized nuclear waste storage facility. NRC Commissioner Barcelo said the debate over the site (and the NIMBY sentiments it will undoubtedly stir up), would form the back drop against which the Garona decision is taken. He believed this debate would help the foes of nuclear energy. But on the other hand, he added, electricity costs were expected to rise over the next five years. This, he believed, would increase pressure to reconsider the nuclear option.

17. (SBU) Of the four contacts, Industry Ministry Deputy Director General for Nuclear Energy Francisco Javier Arana Landa was clearly the most pessimistic about the short-term prospects for further nuclear reactor construction in Spain. During his meeting with ESTHOFF, Arana took a phone call informing him that a group of anti-nuclear protesters were trying to penetrate Garona's security. Arana attributed the protest to the fact that the anti-nuclear lobby was also very much aware of the importance of the Garona license decision and wanted to lay down an early marker that they would not countenance any GOS attempt to back away from its current anti-nuclear stance. Arana said "the Spanish are more German than French" (referring to the famed stereotype of the anti-nuke German and the relative lack of controversy over nuclear energy in France) and that it would "not be realistic" to bet that Spain will resume building nuclear power reactors any time soon. Referring to the fact that Zapatero, during his inauguration speech last spring, reiterated his party's commitment to a gradual elimination of nuclear power, Arana pronounced the issue of further reactor construction "dead for now." Barcelo summed up the debate as "not dead anymore, but not yet ripe for change."

18. (SBU) Arana, Barcelo and Rubio stressed the continued influence of U.S. nuclear developments on the sector's future in Spain. All suggested that if the U.S. decided to resume nuclear reactor construction, Spain would be far more likely to follow suit. CIEMAT Director General Rubio, the grand old man of Spain's nuclear energy priesthood, went even further, stating that the U.S. would ultimately decide whether nuclear fission reactors would have a long-term place in the future world energy mix. He categorically asserted that if the U.S. resumes reactor construction, Spain would follow. Agreeing that the debate was dead through 2008, Rubio said his mission was to keep the nuclear flame alive in Spain so that there would be a technological base to support a future decision to resume advanced reactor construction. For this reason, Spain would like to participate in France's recently announced plans to construct a third-generation plus European Pressure Reactor (EPR) in Flamanville (Ref B).

19. (SBU) COMMENT: Rubio, Barcelo and Arana are among the leading authorities in Spain on this subject. They were singing off the same sheet of music (i.e., the nuclear energy debate is dead through at least 2008) and we believe them. We do not believe, however, that this issue will stay buried. Kyoto and the mandatory search for a nuclear waste site (not to mention possible continued high oil prices) should keep the issue in the limelight. But we agree with Arana that the Spanish are more German than French on the subject of nuclear energy and we doubt public opinion would sustain, at least in the mid-term, any dramatic reversal of Spain's decision to phase out nuclear power generation. The potential negatives would far outweigh the positives, and it would simply defy logic for Zapatero to try to reverse his party's opposition to nuclear energy during his first term in office (in particular because his minority government requires the support of several smaller parties, many of them quite anti-nuclear, to get its agenda through Congress).

ARGYROS